

HOUSE BILL REPORT

HB 2969

As Reported by House Committee On:
General Government Appropriations

Title: An act relating to promoting efficiencies in the services provided by the office of the public printer.

Brief Description: Promoting efficiencies in the services provided by the office of the public printer.

Sponsors: Representative Hudgins.

Brief History:

Committee Activity:

General Government Appropriations: 1/28/10, 2/5/10 [DP].

Brief Summary of Bill

- Requires large state agencies to use managed print services through the public printer and to consult with the Department of Printing (Department) to use envelopes more efficiently and cost-effectively.
- Prohibits the Department from charging a markup on jobs that are farmed out to private vendors.
- Requires the Department to report to the Legislature on: (1) progress in implementing managed print services and standardizing envelopes; and (2) an updated strategic plan.

HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS

Majority Report: Do pass. Signed by 13 members: Representatives Darneille, Chair; Takko, Vice Chair; McCune, Ranking Minority Member; Blake, Dunshee, Hudgins, Kenney, Klippert, Pedersen, Sells, Short, Van De Wege and Williams.

Staff: Sara del Moral (786-7118).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Print Management.

State agencies have two options for meeting office printing needs: (1) print management; or (2) leasing and/or purchasing office print devices. The Department of Printing (Department) brokers print management contracts with private vendors, while the Department of General Administration (GA) brokers private vendor contracts relating to the lease or purchase of office print equipment.

There are important differences between print management contracts and contracts to lease or purchase. Under contracts to lease or purchase, agencies must pay for all maintenance and supplies, in addition to the costs associated with a lease or purchase.

In contrast, under a print management contract, the agency pays a set monthly fee for service from a private vendor. The monthly fee is associated with a monthly minimum number of copies an agency expects to make. The agency does not pay for costs associated with supplies (other than paper), installation, maintenance, or replacement. Print management contracts are typically associated with fewer copy devices than the GA contracts, default duplex printing, and software that helps users choose more economical print options.

Envelope Standardization.

To meet the needs of state agencies, the Department manufactures 75 types of envelopes. According to the Department, the great number of envelope types reduces efficiency and increases costs. The Department could lower its costs and generate savings for state agencies if agencies ordered fewer envelope types.

For example, a colored envelope costs more than a white envelope. If all envelopes ordered by state agencies were white, overall costs would be lower per envelope. In such a case, fewer envelope types would reduce total envelope costs for agencies.

Five Percent Markup.

In cases where the Department finds that a print job may be done more economically by a private vendor, it may farm the job out. In such cases, the Department may charge a 5 percent markup to the client agency for the print job.

Charge for Print Jobs.

Current law requires the Department to charge the actual cost for print jobs. However, prices may not exceed the prices listed in the Franklin Pricing Guide, published by the Porte Publishing Company.

Summary of Bill:

Print Management.

With certain exceptions, state agencies with more than 1,000 full-time equivalent (FTE) staff must work with the Department to implement print management. The Department must provide a program of managed print services to such agencies. The Office of Financial Management (OFM) may exempt an agency from this requirement.

Envelope Standardization.

All state agencies with more than 1,000 FTE staff must consult with the Department to more efficiently and cost-effectively use envelopes. The Department must consult with the OFM and state agencies to more efficiently manage envelope use by standardizing envelopes to the extent feasible.

Five Percent Markup.

The Department may not add a markup to any print job that it subcontracts to a private vendor.

Charge for Print Jobs.

The Department may not charge a price exceeding that listed in the Franklin Pricing Guide, regardless of the guide's publisher.

Report to the Legislature.

By December 1, 2010, the Department must report to the Legislature on:

- progress made implementing print management at state agencies; and
- progress made standardizing envelopes ordered by state agencies by December 1, 2010; and the Department must also provide an updated strategic plan that describes;
 - changes to its business model to make its operations and services more enterprise-focused, within the parameters of its mission; and
 - more transparent pricing practices.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is the result of discussions with the Department and the GA. This bill can help state government run better. Envelopes standardization makes sense. Having fewer types of envelopes would increase efficiency across state government. Print management has been around for a while. The Department did a pilot project at the Department of Ecology (DOE) and the DOE saved \$250,000. When you find something that works in a state agency, you should use it in other agencies, too. Regarding the 5 percent markup, a lot of agencies don't see the value they get for it. The potential for \$6 million in savings across state government is something worth exploring more.

(In support with concerns) Increasing efficiencies and lowering costs is a good thing. However, workers at the Department may lose some work. Efficiencies will be lost if there are no constraints on farming out print jobs. Contracting out work would not help the local community. However, the Department should be able to cover overhead when it contracts out for jobs. Eliminating the markup means the overhead on farmed-out jobs will be supported

by in-house jobs. The markup is for print jobs, not for print management. Eliminating the markup means the Department cannot recover overhead costs when it subcontracts for jobs. Subcontracting for print jobs requires specialized knowledge and staff time. Five percent is a bargain, and it helps the Department with the additional expenses for subcontracting out. The Department also works with agencies to determine how to lower prices for print jobs, by choosing more economic options.

(Opposed) This bill may not be the best way to increase efficiencies. Private businesses do the same thing, without a markup. It is hard to analyze whether the savings in this bill are real. Locally owned businesses have been doing the GA office printing contracts for decades. Local businesses save the state money. The GA already manages office printing contracts. Under GA contracts for office printing, staff doesn't walk long distances to pick up copies. Printers are the largest small business manufacturing sector in Washington, with a high wage union workforce. Many printers have a relationship with the Department. When local governments go to the Department, they impact local printers who do not get the job. The Department should have to compete with private printers. Some agencies want to go to private printers.

Persons Testifying: (In support) Representative Hudgins, prime sponsor.

(In support with concerns) Owen Linch, Teamsters Joint Council #28.

(Opposed) Jim King, Independent Business Association; Dean Hartman, Capital Business Machines; Dan Swisher, Department of Printing; and Bill Stauffacher, Pacific Printing and Imaging Association.

Persons Signed In To Testify But Not Testifying: